

Message Text

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12

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

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USIA-06 IO-10 SAM-01 EB-07 COME-00 AGR-05 OMB-01

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TO SECSTATE WASHDC 733

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E.O. 11652: N/A

TAGS: EGEN PINT EG

SUBJECT: ASSEMBLY REPLIES TO POLICY STAND: ECONOMIC ASPECTS

REF CAIRO 9642

1. DR. GAMAL OTEIFY, DEPUTY SPEAKER OF PEOPLES ASSEMBLY MADE THREE-HOUR PRESENTATION OF ASSEMBLY'S INITIAL RESPONSE TO GOE POLICY SPEECH PRESENTED BY PRIMIN HEGAZY NOV 27. GENERAL DEBATE ON SUBJECT BEGINS DEC 10 WITH MORNING AND EVENING SESSIONS IN ORDER TO PERMIT COMMENTS BY 120 MEMBERSWHO HAVE ASKED TO SPEAK.

2. COMMITTEE REPORT WAS EXTENSIVE AND NON-CONTENTIOUS CONSISTING NAMELY OF PHRASES BEGINNING "COMMITTEE NOTED (OR PRAISED OR AFFIRMED OR EMPHASIZED)" VARIOUS ASPECTS OF ECONOMIC PROGRAMS PUT FORWARD BY HEGAZY. PRINCIPAL POINTS OF DIFFERENCES WITH GOE RELATED TO: RELATIVE LACK OF ATTENTION PAID TO POTENTIAL IMPORTANCE OF EXPLOITATION OF COUNTRY'S MINERAL WEALTH, WITH ASSISTANCE FROM SPECIALIZED FOREIGN COMPANIES; NEED TO INSURE THAT NEW INVESTMENT UNDER OPEN DOOR POLICY DO NOT AFFECT PRICES OR CAUSE INVLTION; AND A PROPOSAL (SUPPORTED BY AL-AKHBAR EDITORIAL) THAT THE CENTRAL AUDITING AGENCY BE AFFILIATED TO THE PEOPLE'S ASSEMBLY IN ORDER TO PERMIT LATTER TO PERFORM ITS FUNCTIONS WITH REGARD TO LIMITED OFFICIAL USE

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OVERSIGHT OF GOVERNMENT PROGRAMS.

3. ADDITIONALLY, REPORT RECOMMENDED: EFFORTS TO CURTAIL EXTRAVAGANT SPENDING; A REMOVAL OF UPPER LIMIT ON DISTRIBUTION OF PROFITS TO WORKERS, IN ORDER TO INCREASE INCENTIVES; CLEAR ESTABLISHMENT OF PRIORITIES FOR SCHEMES IN WHICH ARAB AND FOREIGN CAPITAL WILL PARTICIPATE; AND STRONG MEASURES TO INSURE THAT CERTAIN SEGMENTS OF THE ECONOMY DO NOT BENEFIT UNDULY FROM LIBERALIZATION POLICY.

4. REPORT IN ADDITION SUGGESTED THAT FURTHER ATTENTION BE PAID TO RAISING STANDARD OF SERVICE PROVIDED BY NATIONAL BANKS IN ORDER TO PREPARE THEM TO FACE COMPETITION FROM FOREIGN BANKS. ATTENTION WAS ALSO URGED TO PROPOSED REVISION OF TAX LAWS IN ORDER TO REDISTRIBUTE BURDEN MORE EQUITABLY. REPORT SAID EFFORTS TO REDUCE HIGH COST OF LIVING, AS PUT FORTH IN POLICY STATEMENT, REQUIRE A COMPREHENSIVE STUDY IN ORDER TO RECONCILE REQUIREMENTS OF CONTINUING BATTLE AND IMPORTANCE OF PROVIDING FOR AN ACCEPTABLE STANDARD OF LIVING FOR MASSES.

5. COMMENT: IN OVERALL TONE, COMMITTEE REPORT INDICATES GENERAL ACCEPTANCE OF GOE POLICY AND DESIRE OF ASSEMBLY TO WORK TOGETHER WITH GOE IN FURTHERANCE MUTUAL GOALS. THOSE POINTS IN REPORT WHICH DIFFER FROM OR ARE IN ADDITION TO PROPOSED PLANS APPEAR EASILY ACCEPTABLE TO SADAT REGIME. FORTHCOMING DEBATE WILL PROBABLY PRODUCE THEIR INCLUSION.
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